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Message Text

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64
ORIGIN EB-07

INFO OCT-01 IO-10 ISO-00 TRSE-00 COME-00 AF-06 ARA-06

EA-06 EUR-12 NEA-09 SP-02 AID-05 NSC-05 CIEP-01 SS-15

STR-01 OMB-01 CEA-01 L-02 H-02 FTC-01 JUSE-00 CIAE-00

INR-07 NSAE-00 PA-01 PRS-01 USIE-00 SSO-00 NSCE-00

INRE-00 /102 R

DRAFTED BY EB/IFD/OIA:CNELLIS
APPROVED BY IO/CMD:WWOODBURY
TREASURY:MR. ALTHEIM (SUBS)
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O 192155Z MAR 75
FM SECSTATE WASHDC
TO USMISSION USUN NEW YORK IMMEDIATE

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E.O. 11652: N/A
TAGS: EINV; UN
SUBJECT: UN COMMISSION ON TRANSNATIONAL CORPORATIONS: USG POSITION ON DEVELOPMENT OF A COMPREHENSIVE INFORMATION SYSTEM

FOR FELDMAN

REF: (A) FELDMAN/SMITH/ELLIS TELCON MARCH 17;
(B) SECRETARY GENERAL'S REPORT E/C.10/2/ADD 1.;
(C) USUN 886

1. BASIC POSITION ON DEVELOPMENT OF COMPREHENSIVE INFORMATION SYSTEM REMAINS AS IN SECTION 5 OF POSITION PAPER ON THIS AGENDA ITEM. IN GENERAL COMMENTS ON REFDOC, US DELEGATION SHOULD INDICATE THAT PROPOSED INFORMATION
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PROGRAM IS UNCLEAR BUT APPEARS TO BE OVERLY AMBITIOUS.

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REF DOC DOES NOT MAKE CLEAR INTENDED USE OF DATA TO BE COLLECTED. MOREOVER, ALTHOUGH CENTER'S RESOURCES ARE LIMITED, REF DOC IGNORES WHOLE QUESTION OF COST OF INFORMATION GATHERING FOR UN AS WELL AS FOR ENTERPRISES AND DOES NOT EXAMINE THE BENEFITS TO BE SOUGHT IN RELATION TO THE COSTS. SECRETARY GENERAL'S DOCUMENT ALSO SHOWS INADEQUATE APPRECIATION OF THE LOGISTICAL DIFFICULTIES OF HANDLING MASSES OF DATA. FOR EXAMPLE, COLLECTION OF INTRAFIRM TRANSFER PRICES FOR MANY TNCS WOULD RESULT IN MOUNTAINS OF DATA. IN ADDITION, REF DOC OMITS ANY MENTION

OF LEGITIMATE NEED TO SAFEGUARD CONFIDENTIALITY OF DATA RELATED TO AN INDIVIDUAL FIRM'S COMPETITIVE POSITION.

2. GENERAL THRUST OF US DEL'S POSITION SHOULD BE TO GET CENTER TO REFINE ITS PROPOSALS IN MORE MANAGEABLE TERMS.

WE WOULD LIKE TO SEE CENTER CONCENTRATE ON BEING A SOURCE OF SECONDARY INFORMATION, I.E., A CLEARING HOUSE, RATHER THAN A DATA BANK FOR PRIMARY INFORMATION ON TNCS. WE SHOULD ALSO EMPHASIZE THE CONSTRUCTIVE ROLE CENTER CAN PLAY IN HARMONIZING NATIONAL STATISTICS ON ITEMS RELATING TO TNCS. A THIRD APPROPRIATE FIELD FOR THE CENTER WOULD BE RESEARCH, INCLUDING CASE STUDIES, WHICH COULD HELP TO ELUCIDATE THE TYPES OF INFORMATION WHICH WOULD BE MOST USEFUL.

3. FOLLOWING ADDITIONAL GUIDANCE CONCERNS SPECIFICS OF PROPOSED PROGRAM SET FORTH IN PARAS 11-22 OF REF DOC.

4. US DEL SHOULD INDICATE THAT WE DO NOT ACCEPT PREMISE IN PARA 11 THAT EXISTING INFORMATION IS PER SE OF LITTLE VALUE FOR "UNDERSTANDING THE RELATIONS BETWEEN FIRMS AND STATES, FIRMS AND WORKERS, OR FIRMS AND CONSUMERS." MUCH USEFUL INFORMATION IS ALREADY AVAILABLE. AS EXAMPLES, US DEL SHOULD MENTION DEPARTMENT OF COMMERCE 1972 SURVEY ON ACTIVITIES OF US TNCS IN MANUFACTURING AND COMPREHENSIVE STUDIES NOW UNDERWAY ON FOREIGN DIRECT AND PORTFOLIO INVESTMENT IN THIS COUNTRY. US DEL SHOULD SUGGEST THAT CENTER SHOULD COORDINATE CLOSELY WITH OECD AND EC
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ON INFORMATION QUESTIONS. WORKING PARTY ON MULTINATIONAL ENTERPRISES OF OECD INDUSTRY COMMITTEE HAS BEEN EXAMINING DATA COLLECITON FOR SOME TIME AND IS MAKING PROGRESS IN DEVELOPING HARMONIZED NATIONAL DATA ON 14 STATISTICAL SERIES RELATING TO TNCS.

5. USG BELIEVES CENTER SHOULD GIVE HIGHEST PRIORITY IN INFORMATION FIELD TO WORK ON GETTING CURRENTLY AVAILABLE

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DATA TOGETHER IN A COMPARABLE FORM. ACCORDINGLY US
DEL SHOULD SUPPORT RECOMMENDATION IN PARA 12 THAT FIRST
TASK OF CENTER SHOULD BE TO CARRY OUT A COMPREHENSIVE
SURVEY OF INFORMATION COLLECTED BY INDIVIDUAL GOVERNMENTS.
IT NEEDS TO BE MADE CLEAR THAT PARA 12 REFERS TO DATA
ON TNCS. WHILE USG CAN GIVE UN FULL REPORT ON TYPES OF
INFORMATION COLLECTED, US DEL SHOULD MAKE CLEAR THAT MUCH
OF INDIVIDUAL COMPANY DATA COLLECTED BY USG AGENCIES WOULD
NOT BE RELEASABLE TO THE CENTER BECAUSE OF REQUIREMENTS
TO SAFEGUARD CONFIDENTIALITY OF SUCH DATA. (INDIVIDUAL
FIRM DATA IS NOT EVEN RELEASABLE GENERALLY WITHIN THE USG).

6. PARAS 13-15 OUTLINE A PROGRAM OF COLLECTING CERTAIN
BASIC INFORMATION RELATING TO TNCS. US DEL SHOULD TAKE
POSITION THAT ANY MAJOR UNDERTAKING IN THIS AREA SHOULD
AWAIT RESULTS OF COMPREHENSIVE SURVEY MENTIONED IN PARA
12 AND OF WORK OF AD HOC GROUP OF EXPERTS ON ACCOUNTING
STANDARDS DISCUSSED BELOW. IF THERE IS NEVERTHELESS A
GENERAL CONSENSUS THAT CENTER SHOULD INITIATE COLLECTION
OF BASIC DATA WITHOUT DELAY, US DEL SHOULD TAKE POSITION
THAT CENTER SHOULD SEEK SUCH INFORMATION FROM GOVERNMENTS
RATHER THAN DIRECTLY FROM ENTERPRISES. WE WOULD NOT
OBJECT, HOWEVER, TO HAVING CENTER REQUEST THAT IT BE PUT
ON MAILING LISTS OF ENTERPRISES TO RECEIVE THEIR REGULARLY
PUBLICLY RELEASED DATA.

7. USG CONCURS WITH PARA 16 THAT LACK OF COMPARABILITY
OF EXISTING STATISTICS IS MAJOR PROBLEM. ACCORDINGLY,
US DEL CAN SUPPORT RECOMMENDATION IN PARA 18 FOR

ESTABLISHING AN AD HOC EXPERT GROUP TO ADDRESS THIS
PROBLEM. WE CAN ALSO SUPPORT HAVING SUCH A GROUP DISCUSS
TYPES OF INFORMATION WHICH ARE MOST URGENTLY NEEDED.
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(FYI - IF RECOMMENDATION IN PARA 17 THAT ENTERPRISES
VOLUNTARILY ADD A COLUMN, BASED ON INTERNATIONAL STANDARDS,
TO THEIR PRESENT STATEMENTS IS RAISED, US DEL SHOULD TAKE
POSITION THAT THIS IN EFFECT PREJUDGES RESULT OF EXPERTS'
STUDY. ANY ACTION ON THIS PROPOSAL THUS WOULD BE PREMATURE.
END FYI).

8. US DEL CAN SUPPORT SUGGESTION THAT CENTER COLLECT
INFORMATION ON INVESTMENT LEGISLATION, INCLUDING INVEST-
MENT CODES AND OTHER NATIONAL AND REGIONAL REGULATIONS
RELATING TO TNCS. US DEL SHOULD POINT OUT THAT ICSID
ALREADY PUBLISHES A SUMMARY OF NATIONAL INVESTMENT LAWS.
WITH REGARD TO INFORMATION ON CONTRACTUAL ARRANGEMENTS
BETWEEN GOVERNMENTS AND TNCS, USG HAS ALREADY INDICATED

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IN OUR COMMENTS ON THE EMINENT PERSONS REPORT THAT WE WOULD NOT OBJECT TO HAVING GOVERNMENTS WHICH HAVE CONCLUDED SUCH AGREEMENTS DISCLOSE THEIR TERMS, IF THEY DEEM IT APPROPRIATE, SO LONG AS THIS INFORMATION WOULD NOT INVOLVE RELEASE OF CONFIDENTIAL INFORMATION VITAL TO A COMPANY'S COMPETITIVE POSITION.

9. US DEL CAN SUPPORT SUGGESTION IN PARA 20 THAT CENTER SHOULD ASSIST REQUESTING GOVERNMENTS IN IDENTIFYING CATEGORIES OF INFORMATION WHICH THEY MIGHT USEFULLY COLLECT.

10. WITH REGARD TO DEVELOPMENT OF NEW TYPES OF INFORMATION AS DISCUSSED IN PARA 21, US DEL SHOULD OPPOSE ANY EFFORTS IN THIS AREA PRIOR TO SURVEY OF EXISTING INFORMATION, WORK ON ACCOUNTING STANDARDS, AND UNTIL CENTER HAS INDICATED INTENDED USE OF INFORMATION TO BE COLLECTED.US DEL SHOULD ALSO INDICATE THAT NEED FOR NEW CATEGORIES OF INFORMATION SHOULD BE CLEARLY ESTABLISHED AND A CAREFUL STUDY MADE OF COSTS INVOLVED COMPARED TO LIKELY BENEFITS. THUS INITIAL STEP IN THIS AREA SHOULD BE AD HOC CASE STUDIES RATHER THAN ATTEMPTS TO BEGIN NEW ON-GOING STATISTICAL SERIES. ALSO, SOME CATEGORIES OF DATA SUGGESTED IN PARA 21 SEEM TO BE SLANTED AGAINST TNCS, SUCH AS "CONTROL AND RELATIVE DOMINANCE OVER THE SERVICE SECTOR." INFORMATION ON SUBJECTS WHICH MIGHT HELP TO SHOW POSITIVE CONTRIBU-
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TIONS OF TNCS, SUCH AS IMPACT ON PRODUCTIVITY, GENERATION OF EXPORTS, EMPLOYMENT CREATION, AND CAPITAL FORMATION, SHOULD BE INCLUDED.

11. US DEL CAN SUPPORT PROGRAM FOR DISSEMINATING DATA SUGGESTED IN PARA 22, ON THE UNDERSTANDING THAT CONFIDENTIALITY OF INDIVIDUAL COMPANY DATA WOULD BE MAINTAINED. US DEL SHOULD MAKE CERTAIN THAT "OTHER INTERESTED PARTIES" REFERRED TO IN APRA 22(C) INCLUDE TNCS THEMSELVES.

12. SINCE SECRETARY GENERAL'S DOCUMENT DOES NOT DEFINE TERM TNC, IT IS NOT CLEAR WHAT UNIVERSE CENTER HAS IN MIND ON WHICH IT WILL COLLECT DATA. US DEL SHOULD MAKE CERTAIN THAT INFORMATION TO BE GATHERED COVERS INTERNATIONAL ACTIVITIES OF STATE-OWNED AS WELL AS PRIVATE ENTERPRISES. US DEL SHOULD REFER TO BASIC POSITON PAPER ON THIS AGENDA ITEM RE DEFINTION OF TNCS.

13. RE BRAZILIAN PROPOSAL REF TEL, WE CONCUR THAT COMMISSION AND CENTER SHOULD BEGIN BY STUDYING SPECIFIC ECONOMIC ISSUES BEFORE LAUNCHING WORK ON A CODE OF CONDUCT. WE DO NOT BELIEVE THAT RESTRICTIVE BUSINESS PRACTICES IS

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MOST APPROPRIATE PLACE TO START, HOWEVER, SINCE THIS, TOO, IS BEING EXAMINED IN UNCTAD AND OECD. WE WILL WANT TO MAKE CERTAIN THAT ANY STUDIES ON ECONOMIC ISSUES INCLUDE SUBJECTS LIKELY TO SHOW BENEFICIAL ROLE OF TNCS SUCH AS IMPACT ON PRODUCTIVITY, EMPLOYMENT, AND CAPITAL FORMATION. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSTRUCTIONS, COMMITTEES, MULTINATIONAL CORPORATIONS, FOREIGN POLICY POSITION, RESOLUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE062195
Document Source: CORE
Document Unique ID: 00
Drafter: CNELLIS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750096-0409
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750335/aaaabfeh.tel
Line Count: 229
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 7
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 02 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 JUL 2003 by MartinML>; APPROVED <10 NOV 2003 by RowellE0>
Review Markings:

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Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UN COMMISSION ON TRANSNATIONAL CORPORATIONS: USG POSITION ON DEVELOPMENT OF A COMPREHENSIVE INFORMATION
TAGS: EINV, US, UN
To: USUN NEW YORK
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006